

Summary of 2005 Property Tax-Related Legislation

Property Tax Division

March 23, 2005

HB 3 Minimum School Program Act Effective 6/1/05

Provides for state and local funding of public education's Minimum School Program. It identifies .001702 as the preliminary estimate for the 2005-06 minimum basic tax rate that is to generate \$225,872,138 in property tax revenues statewide.

HB 45 Property Affected by Access Interruption Effective 5/2/05

Allows the owner of the property sustaining a decrease in market value caused by access interruption to file an application for a fair market value adjustment with the BOE on or before September 30th. Access interruption means interruption of the normal access to or from property due to circumstances beyond the control of the owner to include: road construction, traffic diversion, accident, vandalism, explosion, fire, flood, storm, tornado, winds, earthquake, lightning, any adverse weather event or similar events as determined by USTC administrative rule. The BOE is to hold a hearing 30 days after the application is received. The BOE may reduce the property value by an amount equal to the decrease in market value multiplied by the portion of the calendar year that the property value was decreased. The BOE decision is to be provided to applicant within 30 days after the hearing and is appealable to USTC.

HB 53 Tax Treatment of Personal Property Effective 1/1/06

Reduces the uniform statewide fees on motor homes required to be registered with the state. Beginning January 1, 2006, the rate is reduced to 1.25% of the value of a motor home, and beginning January 1, 2008, the rate is further reduced to 1%. The uniform statewide fee is to be assessed at the time of registration or renewal of registration. A taxpayer dissatisfied with the value of the motor home may make an appeal to the county legislative body.

HB 113 Government Boundary Changes Effective 5/2/05

Modifies provisions relating to the processes and requirements for notifying certain entities when a governmental boundary is created, modified, or dissolved for a county, municipality, special district, local district, redevelopment agency, local school district, or an entity created by interlocal agreement. It standardizes the flow of information for entity boundary changes to be through the lieutenant governor who notifies entities needing boundary change information; i.e., State Tax Commission, AGRC, state auditor, county recorder, county surveyor, county auditor and county attorney. Creates a surveyor position with AGRC to provide technical support to the lieutenant governor and the State Tax Commission and coordinate with county recorders and surveyors to create a statewide parcel layer. Also, it requires the lieutenant governor to certify boundary creations, modifications and dissolutions and to keep, index, maintain and make available to the public documentation of such.

HB 147 Property Tax Exemption for Veterans Effective 1/1/05

Increases the limitation on the property tax exemption relating to disabled veterans and veterans who are killed in action from \$82,500 to \$200,000 beginning 2005; for each year thereafter, \$200,000 plus an amount calculated by multiplying the amount of the limitation for the previous year by the actual percent change in the Consumer Price Index during the previous calendar year. Also, it limits the property that is eligible for the exemption to the claimant's primary residence and/or tangible personal property that is held exclusively for personal use and is not used in a trade or business. For a veteran who is killed in action or died in the line of duty, or that veteran's unmarried surviving spouse or minor orphan, the exemption is equal to 100% of the value of the property entitled to the exemption.

HB 324 Taxable Value Adjustment for Property Damaged by a Natural Disaster

Effective 1/1/05

Provides for a property tax adjustment for property damaged by a natural disaster, if the damage causes a decrease in taxable value of at least 30%. Natural disaster means an explosion, fire, flood, storm, tornado, wind, earthquake, lightning, adverse weather event or any similar event as determined by USTC rule. The owner of the property may apply to the county BOE for an adjustment on or before the later of the normal deadline for a real property appeal or 45 days after the day on which the damage occurs. The BOE is to hold a hearing 30 days after the application is received. If the burden of proof is met, the BOE is to reduce the property value by an amount equal to the decrease in taxable value of the property multiplied by the percentage of the calendar year remaining after the natural disaster damage occurred and notify applicant within 30 days of the hearing. If the BOE value adjustment is made on or before May 15, the assessor is to adjust the taxable value in the assessment book before delivering it to the county auditor. The BOE decision may be appealed to USTC.

HB 380 Amendments to Local Districts Effective 5/2/05

Allows an area in a local district and also located in a first class county providing fire protection, paramedic and emergency services to be automatically withdrawn from the local district by the incorporation of a municipality whose boundaries include the area if the municipality approves the withdrawal.

SB 23 Property Tax Treatment of Tangible Personal Property Effective 1/1/06

Defines terms and imposes uniform statewide fees on primarily recreational vehicles and vessels (boats); i.e. ATV's, campers, motorcycles (both on road and off road), non-commercial trailers, personal watercraft, small motor vehicles, snowmobiles, tent and travel trailers and vessels less than 31 feet in length. The fees are imposed based on age, except in the case of vessels, where the fee is imposed based on the length and the age of the vessel. Procedures are provided for measuring the length of vessels for the purpose of imposing uniform statewide fees.

SB 53 Land Value Property Tax Study Effective 5/2/05 and Repealed on 11/30/05

Directs the Utah Tax Review Commission, during the 2005 interim, to conduct a study of the desirability and feasibility of implementing a land value property tax system to be

operated concurrently with the existing property tax system. It describes the scope of the study, describes the responsibilities of the Tax Review Commission and provides for the creation of a subcommittee to assist in the study. A final report is due to the Revenue and Taxation Interim Committee before November 30, 2005.

SB 54 Property Tax Confidentiality Amendments Effective 5/2/05

Modifies both the circumstances under which commercial information is disclosed and under which an individual who discloses commercial information is guilty of a Class A misdemeanor. It requires the Tax Commission to prepare a written explanation of the property tax confidentiality provisions and make that explanation available to the public as well as requires employers to provide the written explanation to persons who are likely to receive commercial information. Also, it requires the person who receives the written explanation to read and sign it and the employer is to retain the signed copy for six years after the day on which the person's employment terminates. Also, USTC is to define by rule "employer".

SB 60 Local Land Use Development & Management Amendments Effective 5/2/05

Modifies county and municipal land use, development policy and administrative issues. Section 10-9a-603 allows a municipality to withhold an otherwise valid [*subdivision*] plat approval until the owner of the land provides the legislative body with a tax clearance indicating that all taxes, interest, and penalties owing on the land have been paid.

SB 80 Special Service Districts –Service Expansion Effective 5/2/05

Under certain circumstances, economic development activities are added to the list of services that Part 13 special service districts are authorized to provide. Included are special service districts which receives federal mineral lease funds and expends those funds on economic development activities to promote the creation of jobs that do not compete with existing retail establishments within the special service district. However, counties and municipalities are prohibited from levying a property tax for a special service district that provides economic development services.

SB 88 Creation of Local Districts Effective 5/2/05

Extends the prohibition on initiating the process to create a local district from May 2, 2005 until May 5, 2008.

SB 121 Property Tax Exemption Amendments Retrospective Operation to 1/1/04

Provides that, retroactive to *January 1, 2004*, when property is acquired by a nonprofit entity and used exclusively for religious, charitable, or educational purposes, the nonprofit entity is only required to collect and pay a proportional property tax based on the amount of time the property was not owned by the nonprofit entity. For property acquired after *December 31, 2005*, when the property ceases to qualify for a religious, charitable, educational or governmental exemption because of a change in ownership, the new owner pays a proportional tax based upon the time the new owner owned the property; this ownership change must be reported to the county assessor within 30 days. Also, it modifies the application and BOE deadlines for the religious, charitable, or educational property tax exemption.

SB 161 Amendments to the Property Tax Valuation Agency Fund Assessing & Collecting Levy Effective 5/2/05

Reduces the maximum rate of the state multicounty assessing and collecting levy from .0003 to .0002; also, it increases the county assessing and collecting levy from .0002 to .0003. It provides that a county may not receive funds from the Property Tax Valuation Agency Fund unless the county levies a county assessing and collecting levy of at least .0003. For 2005, the .0003 levy is exempt from Truth In Taxation; however, beginning in 2006, the county assessing and collecting levy is subject to Truth In Taxation. It places limitations on the amounts that may be collected from and distributed to counties from the Property Tax Valuation Agency Fund. It provides that a county tax levied to fund legislative or state mandated actions, judicial or administrative orders, may be included on the tax notice with the county assessing and collecting levy as part of the countywide aggregate tax rate.

SB 172 Division of Real Estate Amendments Sections 61-2b-10, 14, & 15 Effective 1/1/08; otherwise effective 5/2/05

Modifies provisions related to the regulation of the real estate, appraiser and mortgage industries by the Division of Real Estate. It modifies the Real Estate Appraiser Licensing and Certification Act to include: modifying references to registration, amending definition provisions, repealing references to senior appraisers, addressing when licensing and certification is required, modifying the duties of the division including determining fees, providing for trainees and establishing trainee fees, addressing registration of expert witnesses, addressing when the division is to make available certain information, modifying provisions related to the Real Estate Appraiser Licensing and Certification Board including makeup and duties of the board, addressing applying for licensure or certification, modifying restrictions on the use of terms and provisions related to appraisal reports and addressing the duty of the division to provide the public information concerning appraisers. There is a new policy for disciplinary action; a person whose license or certification is revoked may not act as a trainee until at least four years after the day of revocation. Effective January 1, 2008, it modifies provisions related to state-licensed appraisers, state-certified residential appraisers and state-certified general appraisers: (1) increases the classroom hours from 90 to 150 hours for state-licensed appraisers; (2) requires a state-certified residential appraiser to have an associate degree or higher degree or successfully pass a curriculum determined by rule of collegiate-level subject matter courses from an accredited institution and increases the classroom hours from 120 to 200 hours; (3) requires a state-certified general appraiser to have at least a bachelor's degree or similar education and increases the classroom hours from 180 to 300 hours.

SB 184 Redevelopment Agency Amendments Effective 5/2/05

Modifies provision of the Redevelopment Agencies Act as follows: (1) Prohibits an RDA from adopting a project area plan for retail growth redevelopment projects from July 1, 2005 through June 30, 2006 unless a blight study has been commissioned and completed and requires an agency's finding of blight to be approved by the taxing entity

committee. (2) Prohibits an RDA from using eminent domain to acquire property unless an agency member already owns the land. (3) Eliminates a provision that defines incidental or subordinate development of retail sales to include development of retail sales of goods from a convention center or sports complex facilities. (4) Eliminates a provision allowing a first or second class city to use tax increment from one project area in another project area to pay for a convention center or sports complex and prohibits an agency from using tax increment to pay for a stadium or arena. In addition, it eliminates provisions authorizing additional tax increment to be paid to an agency to pay for a convention center or sports complex, cable television and public telecommunications service, an I-15 interchange, and the relocation of an agriculture-related business. (5) Prohibits an amendment to a project area plan that increases the size of the project area or lengthens the time that tax increment is to be paid to an agency as well as prohibiting tax increment under a post June 30, 1993 project area plan from being paid to an agency for more than 25 years. (6) Shifts the authority to appoint one of the two taxing entity committee representative in first-class counties from the county executive to the county legislative body.

SB 190 County Officer Amendments Effective 5/2/05

Prohibits the consolidation of the offices of county assessor and county treasurer. It requires the county legislative body to enact an ordinance by February 1, 2006 separating any county offices that are prohibited from consolidation and to publish by February 15, 2006 a notice identifying the county offices that will be filled in the November 2006 election.

HJR 20 Master Study Resolution Effective 5/2/05

The following property tax-related items may be studied during the 2005 legislative interim:

- (1) Administration of Personal Property Taxes – to study the administration, assessment, and collection of property taxes on personal property including a review of minimum taxes for small businesses, exemption of supplies, filing requirements, forms and other aspects of administration.
- (2) Past Due Property taxes – to study and review the interest and penalties on past due property taxes.
- (3) Property Tax Burden on Seniors—to study whether to amend the Utah Constitution to authorize the Legislature to adjust property tax laws so that the property taxes paid by seniors do not become overly burdensome.
- (4) Property Tax on Propane Tanks – to study personal property taxes on propane tanks and why some counties provide exemptions from personal property taxes and others do not.
- (5) Tax Collections – to study how assessing and collecting taxes on personal property is administered.

